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No. 478

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IN THE
SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1947.

GILBERT E. R. HANSON and JOSEPH SCHWARTZ, Individually and as Co-Partners, Doing Business as "SEVENTEEN FOR THE JUNIOR TEENS" and Doing Business as "SEVENTEEN . . . JUNIORIZED TEENS," and Doing Business as "DICK HANSON COMPANY,"
Petitioners,

vs.

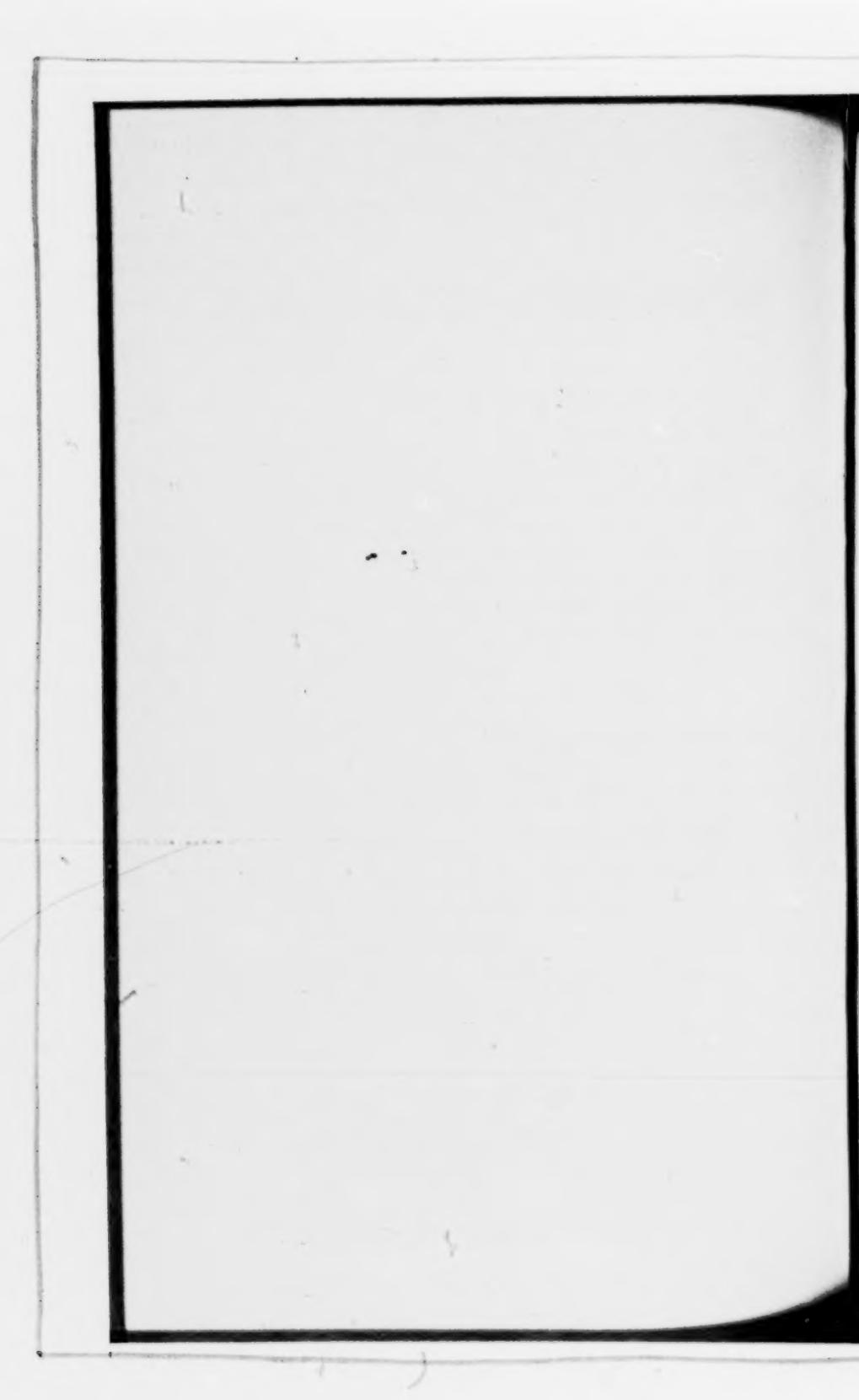
TRIANGLE PUBLICATIONS, INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI
To the United States Circuit Court of Appeals
for the Eighth Circuit

and

BRIEF IN SUPPORT OF PETITION.

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Petitioners,

vs.

TRIANGLE PUBLICATIONS, INC.,
Respondent.

PETITION FOR WRIT OF CERTIORARI
To the United States Circuit Court of Appeals
for the Eighth Circuit.

To the Honorable Fred M. Vinson, Chief Justice of the Supreme Court of the United States of America, and Associate Justices:

Your petitioners, Gilbert E. R. Hanson and Joseph Schwartz, partners doing business under the firm name and style of Hanson & Schwartz, respectfully present their

petition for the issuance of a writ of certiorari directed to the United States Circuit Court of Appeals for the Eighth Circuit, and show to this Honorable Court the following:

I.

STATEMENT OF THE MATTER INVOLVED.

The present controversy is a suit brought by respondent Triangle Publications, Inc., publisher of the magazine "Seventeen", against the petitioners, manufacturers of dresses for teen-age girls marketed under the trade name "Seventeen for the Junior Teens", alleging trade-mark infringement and unfair competition and seeking an injunction, an accounting of profits, and damages. Petitioners will hereinafter be referred to as defendants, and respondent will hereinafter be referred to as plaintiff.

Defendant Hanson has spent all his business life in dress sales promotion work. In his first eight years in St. Louis he increased the annual sales volume of the Forest City Manufacturing Company from \$500,000.00 to \$14,000,000.00 (R. 572-573). During 1943 he determined to turn his talents to personal account. In July of that year, he discussed the project, including the name of his product with friends. Among the names discussed was "Seventeen" (R. 574). On his friends' advice he postponed his venture for a year. In the summer of 1944 he left Forest City and made associations in business, which did not materialize because of difficulties in getting O. P. A. approval. Later, in November, 1944, he formed a partnership with Schwartz. They agreed upon the use of the name "Seventeen for the Junior Teens", he secured O. P. A. approval, went to New York to secure his models, returned, opened an office and factory in the Fashion Square Building in St. Louis, made up his line, and began to solicit orders for spring delivery, as is the custom in the trade (R. 576-578).

During November, 1944, Hanson, because of the advent of the plaintiff's magazine, agreed to permit a search by Sam Klein, an original advisor in the ventures, of the records of the United States Patent Office. This search revealed not only that *Seventeen* was not registered for apparel, but also that it could not be registered **in that field**, for the reason that it was descriptive of a dress size (R. 653-654, 569-571, 589).

One of the well recognized and well established means of promotion in the dress industry is the use of a hang-tag, which consists of a small piece of light cardboard, usually about three inches by five inches, perforated at the top and held to the sleeve of a garment by a string looped through the perforation. Hanson, in the promotion of his garments, used this hang-tag, together with a woven label on both of which was imprinted the words "Seventeen for the Junior Teens, St. Louis, Mo." (R. 610, 484, 323). At no time was the word "seventeen" used by itself. Hanson, an outstanding promoter in the industry (R. 572-573, 212), undertook a substantial advertising campaign, always using "Seventeen for the Junior Teens, Sponsored by Hanson and Schwartz, Fashion Square Building, St. Louis" (R. 577, 605-606, 610). Defendant's business was a complete success from the beginning, and its product, a junior dress styled in a teen-age fashion, a novel treatment, won immediate nationwide acceptance (R. 483, 609-610, 952).

Plaintiff is a publisher of many magazines and other publications. Prior to 1944 it owned the magazines "Stardom" and "Click", both having substantial circulation and allocations of paper from the War Production Board (R. 87-88). It determined to scrap both "Stardom" and "Click" and to use their circulation lists and paper allocation for the promotion of a new magazine, eventually

called "Seventeen" (R. 83-94, 523). The new magazine was launched amid a substantial promotional campaign (R. 275-280). It was successful and its name "Seventeen" was registered with the United States Patent Office in the class of publications (R. 13).

The editor of the magazine, Miss Helen Valentine, received a call from defendant Hanson in her New York office in the fall of 1944. Hanson told her of the coincidence of their selection of the name "Seventeen," but pointed out to her that he used it only in connection with his dress business and only with the additional words "for the Junior Teens." She voiced objection to his plan, threatened to sue him if he persisted, and this action resulted prior to the time that Hanson delivered any of his products (R. 578-580, 584-586).

Subsequent to the filing of this action, plaintiff embarked upon a program of promotion which consisted, among other things, of blow-ups, fashion shows and the use of hang-tags **in imitation of the promotional methods of the dress industry and those employed by defendants** (R. 323, 324, 326), the keynote of which was "you saw this item in Seventeen Magazine," and offered this promotional service to its advertisers either for a money payment or for the purpose of establishing close relations with said advertisers (R. 234-235, 258).

On March 8, 1945, plaintiff filed a complaint against defendants in the United States District Court for the Eastern Division of the Eastern Judicial District of Missouri (R. 5). The complaint alleged that the defendants' use of their trade-name infringed upon plaintiff's registered mark and in addition constituted unfair competition with plaintiff's magazine. Plaintiff did not allege, as required by the Trade Mark Act of 1905, that its product was of the "same descriptive properties" as **defendant's**

product, but alleged only that defendant's product was of the "same descriptive properties" as those to which plaintiff's magazine was devoted (R. 8, par. 11).

During the trial in St. Louis, plaintiff sought to prove that it advertised and commented editorially on dresses in its magazine, and that part and parcel of its business was a promotional program designed to assist manufacturers and retail sellers of dresses by publicizing such dresses in its magazine "Seventeen"; and that the sale of defendants' dresses in retail stores would lead persons to believe, through the use of the name "Seventeen for the Junior Teens," that defendants' dresses were in some way sponsored by or connected with plaintiff's magazine. Plaintiff attempted to show, in order to support its position, that its magazine, because of the publicity campaign, had overnight acquired a secondary meaning.

Plaintiff was unable to introduce any evidence of actual confusion, although it had hired paid shoppers for that purpose (R. 328-338). On the issue of confusion it introduced self-serving answers to a vague questionnaire, circulated at random among unknown subscribers (R. 170-179), and the opinions of persons connected with stores with whom the magazine had commercial relationships (R. 400). Its proof of secondary meaning was based in part upon circulation figures and advertising rates subsequent to the time when both plaintiff and defendants had established their respective businesses and even subsequent to the filing of the complaint (R. 275-282).

Defendants repeatedly challenged the probative value of plaintiff's evidence.

Defendants introduced evidence to show that they took every reasonable precaution to acquaint both the public and the dress trade with the fact that their dresses were

theirs alone and were not made or sponsored by anyone else (R. 993). Defendants in the exercise of care had a search made of records in the United States Patent Office, which not only revealed that "Seventeen" was not registered in the apparel field (R. 569, 570), but also revealed the word could not qualify for registration in that field because it was descriptive of a dress size (R. 570, 589)—thus indicating that in the field of apparel the word "seventeen" was open to use by anyone. Defendants adopted a phrase and not a word as their trade name, selecting "Seventeen for the Junior Teens," and not "Seventeen." Defendants' advertising carried in prominent type the words "Hanson & Schwartz, Fashion Square Building, 1307 Washington Avenue, St. Louis, Missouri" (R. 647). Defendants' original letter to the trade specifically stated they were establishing their own business (R. 625). The letterhead of the firm bears the trade name "Seventeen for the Junior Teens, Fashion Square Building, St. Louis, Missouri." It specifically states the following in prominent type: ". . . Sponsored by Hanson & Schwartz."

Plaintiff urged upon the trial court the claim that, due to the publicity plaintiff gave its magazine, defendants must have known of its imminent appearance and therefore deliberately selected the word "Seventeen" as part of their trade-name in order to obtain a free ride upon plaintiff's efforts. The trial court embodied plaintiff's contention in its findings of fact and found in addition that the magazine had **instantaneously** acquired a secondary meaning (R. 958, 961). The trial court therefore granted plaintiff an injunction prohibiting the defendants from using the word "Seventeen" or the numeral "17" in any manner whatsoever upon their apparel products (R. 962). The trial court denied plaintiff an accounting of profits or an award for damages (R. 990, 991). The trial court found as a fact that plaintiff had suffered no

loss, and that there was no evidence that either defendants or the retailers of their products had made any attempt to misrepresent or to confuse (R. 993).

The trial court further found as a fact that the name "Seventeen" was suggested to plaintiff by the title of Booth Tarkington's book, published since 1915 (R. 992), and the evidence is unchallenged that the word "Seventeen" has been for many years and is now in commercial use on other products (R. 19, 84, 681, 715, 913).

Defendants filed their motion to amend or modify the conclusions of law, findings of fact and judgment entered by the trial court, and on June 17, 1946, the trial court granted the motion in part as to its findings of fact, but denied the motion as to its conclusions of law and judgment (R. 991). Thereafter defendants perfected their appeal to the United States Circuit Court of Appeals for the Eighth Circuit (R. 1). Plaintiff filed a cross-appeal on the ground that the court had erred in holding that plaintiff was not entitled to an accounting of profits or an award of damages (R. 3).

The respective appeals were argued before the Circuit Court of Appeals on March 4 and 5, 1947, and were taken under submission (R. 1018). More than five months later, on August 15, 1947, the Court rendered a divided decision, affirming the judgment of the trial court in all respects (R. 1019). A dissenting opinion was filed by Judge Woodrough (R. 1029).

The Circuit Court of Appeals in its majority opinion adopted reasoning that extended the scope of trade-mark protection beyond any extent heretofore countenanced by any federal or Missouri decision. It held that a magazine could "commercially bless and obliquely brand" the products of its advertisers by lending its name to its adver-

tisers, and that it could thereafter protect its magazine title in any field in which its advertisers might make use of it (R. 1023-1024). The opinion omitted any reference to various controlling decisions of the Missouri appellate courts (R. 1061-1066), and omitted and failed to hold that Missouri law was controlling on the determination of what conduct constituted unfair competition (R. 1026), so that in that respect the decision conflicted with decisions in other circuits. The opinion failed to mention the factual and legal distinctions between the case at bar and other federal cases and New York cases upon which it relied as authority (R. 1055-1059), and in that respect conflicted with decisions in other circuits.

On August 29, 1947, defendants filed a petition for rehearing in the Circuit Court of Appeals (R. 1068), and called attention to several instances wherein important and undisputed facts and controlling principles of law established by Missouri and federal decisions had been ignored and disregarded by the opinion. A number of errors, both of omission and commission, were urged (R. 1033-1068).

The petition for rehearing was denied by the Court on September 17, 1947 (R. 1069).

II.

OPINIONS BELOW.

The opinion of the District Court of the United States for the Eastern District of Missouri is reported in *Triangle Publications, Inc., v. Hanson & Schwartz*, 65 Fed. Supp. 952, and appears in the record beginning at page 938. The opinion of the United States Circuit Court of Appeals for the Eighth Circuit is reported in 163 Fed. (2d) 74, and appears in the record beginning at page 1019.

III.

BASIS OF THIS COURT'S JURISDICTION.

(a) This Court has jurisdiction to review the judgment of the United States Circuit Court of Appeals under the authority of Sec. 240 (a) of the Judicial Code, as amended, now being 28 U. S. C., Sec. 347. The jurisdiction of this Court is invoked under said section and under Rule 38 (5) (b) of the Supreme Court of the United States.

(b) The date of the judgment of the Circuit Court of Appeals was August 15, 1947, when its opinion was entered (R. 1019), and the date when such judgment became final (subject to reversal or modification here) was September 17, 1947, when the petition for rehearing was denied (R. 1069). The date of application for certiorari may be taken as the date of the filing of this petition in the office of the Clerk of this Court.

(c) The bases upon which petitioners contend that this Court should issue its writ of certiorari are:

(1) The Circuit Court of Appeals, in extending protection to a trade-mark on the basis of unfair competition to a point beyond any of the limits of such protection which have heretofore been pronounced by the most liberal federal decisions in the same and in other circuits and by the decisions of the Missouri Supreme Court and Courts of Appeal, has so far departed from the accepted and usual course of judicial proceedings and has at the same time so far sanctioned such a departure by the lower court as to call for an exercise of this Court's power of supervision.

(2) The Circuit Court of Appeals has rendered a decision in conflict with the decisions of other circuit courts of appeal on the same matters. Its decision is

in conflict with decisions in other circuits on the scope of protection that may be afforded to a trade-name on the theory of unfair competition. Its decision is likewise in conflict with decisions in other circuits on the determination of the law to be applied in considering whether a complaint of unfair competition has been sustained.

(3) The decision of the Circuit Court of Appeals is in conflict with the State law as that law has been announced by the Missouri Supreme Court and Courts of Appeal. The question for decision in the case at bar, so far as the merits are concerned, is a question of local law. The opinion of the Circuit Court of Appeals has cited as authority on Missouri case not in point, and has refused to follow numerous Missouri cases that are in point.

(4) The novel and far-reaching position adopted by the Circuit Court of Appeals, if its decision is permitted to stand, will inevitably have an equally novel and far-reaching effect upon the commerce of the United States, insofar as that commerce is affected by the validity and by the scope of permissible use of trade-names and trade-marks, and this Court should therefore exercise its supervisory power to review said judgment, to the end that reasonable certainty may obtain in the field of trade-marks, by defining with reasonable clarity the permissible scope for the exclusive use of such marks. No case heretofore has reached this Court which expressly or even by reasonable implication approves a reservation of a trademark monopoly in an area so vast as the area which the Circuit Court of Appeals has countenanced in this case.

(5) The decision of the Circuit Court of Appeals is in conflict with applicable decisions of this Court as to

the question of federal jurisdiction, both with respect to the allegation necessary to sustain that jurisdiction on the basis of the infringement of a registered trademark and with respect to the proof necessary to show the required jurisdictional amount in a diversity case.

(6) The decision of the Circuit Court of Appeals is in conflict with decisions in other circuits on both the requirements for and the limitations controlling requested relief on the basis of unfair competition. The decision is in particular conflict with respect to the requirements for the establishment of a secondary meaning and with respect to the effect of the incidental enjoyment by another of a complainant's promotional and publicity campaign.

(d) The cases believed to sustain the jurisdiction of this Court are:

Magnum Import Co. v. Coty, 262 U. S. 159, 163, 43 S. Ct. 531, 532, 67 L. Ed. 922;

Erie R. R. Co. v. Tompkins, 304 U. S. 64, 82 L. Ed. 1188.

IV.

QUESTIONS PRESENTED.

The novelty of the questions raised by the opinion of the District Court and their effect upon commerce were fully appreciated and openly referred to by the trial judge in announcing his decision, and at least part of them are highlighted by the sharp contrast in the opinion of the Circuit Court of Appeals. They are as follows:

1. Is it in the best interests of the law of fair trade and of the economy that the protection the Courts have heretofore reserved for novel or ingenious words, family

names, or general terms combined with characteristic symbols, be enlarged and expanded to the extent of protecting a large publishing organization in the use of a common term not combined with a symbol so that such organization might combine with those who purchased advertising space from it for the exclusive use of that word, not only in the field of publication, but in every field utilized by each such advertiser, on the theory that this combine should be protected from the reflected benefits which might perchance accrue to any other person who might seek to use that common word in one of the combine's fields, and thus procure, in part at least, a so-called "free ride"?

2. Is it in the best interests of commerce and the national economy that the law of fair trading be changed by amending our concept of secondary meaning so that it becomes synonymous with popularity, and so that a powerful publishing organization, controlling a large number of periodicals, may gain an advantage through the expenditure of vast sums of money, in instantaneously establishing a secondary meaning in a common word to the exclusion of all others who, because of their position and economic condition, must rely upon the age-worn method of establishing meaning in a mark by the rendition of a better service or a better product over a long period of time?

3. Is it in the best interests of the general welfare, as well as the law of fair trading, that we permit of the appropriation of a common word from the language, which is the general heritage of all, on the claim that, although there is no showing of a deliberate attempt to palm off, no showing of an exclusive prior use, a failure of proof of confusion or likelihood of confusion, and no showing that it is used in combination with a symbol, it is never-

theless impressed with some vague, nebulous, esoteric quality such as "the interest of girls," and that this, rather than the source or origin, is its secondary meaning, and that a publisher may appropriate this word not only to its own use in its own field, but to the exclusive use of each of its patrons in their respective fields?

4. Is it in the best interests of the law of fair trading and the economy that, where two parties in separate fields of commerce have, within a short time of each other, each selected a common word as a trade-name and each has exploited it to the full of his physical and economic ability, the exclusive use of the word shall be awarded to the one who expended the larger amount, or even to the other, on the theory that either party may perchance reap some oblique benefit from the efforts and energies of the other party?

5. In a suit for the infringement of a registered trade-mark and for unfair competition, where the mark is held to be valid but not infringed, is a federal court obliged on the issue of unfair competition to apply local law or may it apply general common law? If it is required to apply local law, and the facts are that defendants manufacture in Missouri and plaintiff publishes in New York and both distribute their products nationally, shall the law applied be that of Missouri or of New York?

6. Under the above circumstances, where plaintiff's allegation of trade-mark infringement is plainly unsubstantial, is the federal court not obliged to apply Missouri law? Plaintiff's allegation of infringement is plainly unsubstantial because it does not allege, as required by the Trade Mark Act of 1905, that the respective goods of the parties are of the "same descriptive properties," but alleges only that defendants' goods are of the "same descriptive prop-

erties" as the goods to which plaintiff's magazine is devoted (R. 8, par. 11).

7. Where a federal court is confronted with the contention that the law of Missouri relating to unfair competition is different than the interpretations of New York law and of general law upon which the court is urged to rely, can it refuse to determine the applicable law by merely stating that it thinks the Missouri, New York and Federal rules are all alike and by purporting to support its statement with the solitary citation of one Missouri case clearly distinguishable on its facts and without even mentioning numerous Missouri cases which could not be urged in support of the court's conclusion?

8. Where there is, as here, no evidence of fraud or palming off, is it not error under any law (be it Missouri, New York or general) to prohibit entirely the use of a trade-name by a defendant engaged in a wholly different field of endeavor than is the plaintiff? Is not the limit of permissible relief even between competing goods the requirement of a full disclosure that there is no relationship between the goods?

9. Where a federal court justifies its jurisdiction over a claim of unfair competition on the ground that such claim is pendent to a claim of the infringement of a registered trade-mark, not plainly unsubstantial, is it not bound to observe the limitations on the scope of permissible relief in unfair competition cases which have heretofore been pronounced in Missouri, New York, lower Federal and United States Supreme Court cases? Is a federal court not likewise bound when its jurisdiction is rested solely upon diversity?

10. Is it not improper for a federal court to entertain jurisdiction of a complaint alleging the infringement of a

registered trade-mark when the complainant does not allege and cannot prove that the respective goods of the parties are of the "same descriptive properties" as is required by the Trade Mark Act of 1905? If such complaint also alleges unfair competition, and the necessary amount to support jurisdiction on the basis of diversity is not shown, is it not error to refuse to dismiss the complaint for lack of federal jurisdiction?

11. Where in a suit alleging trade-mark infringement and unfair competition it is established that defendant's activities caused no loss to plaintiff and plaintiff's business admittedly prospered, is it not error to permit the introduction of evidence of plaintiff's promotional expenses, circulation and advertising rates in an endeavor to show the value of its goodwill? Inasmuch as plaintiff's right, if any it has, is the right to be protected from unlawful interference, is not there a failure to prove jurisdictional amount where defendant's activities, even assuming them to be unlawful, have not been shown to have diverted any amount of business from the plaintiff?

12. Has not the Circuit Court of Appeals, in addition to conflicting with the decisions of this Court and of state and federal courts, not exceeded all reasonable and fair limitations in the broad field of trade-mark protection against either infringement or unfair competition by not only approving the reservation of a mark in a field of endeavor wholly foreign to the exclusive claimant, but by approving the loan of that mark to persons other than the claimant and by further approving the right of the claimant to protect the use of the mark by those to whom it was loaned in whatever fields they may operate?

V.

**REASONS RELIED ON FOR ALLOWANCE OF
THE WRIT.**

1. The case at bar presents the first instance in which exclusive protection has been granted to the owner of a registered trade-mark to such a degree that the use of the mark as part of a trade-name is forbidden to one who is engaged in an entirely distinct and non-competitive field of endeavor under conditions that may be enumerated as follows:

- (a) Plaintiff publishes a magazine and defendants manufacture dresses and the registration of plaintiff's mark "Seventeen" is confined by its terms to the class of publications (R. 13).
- (b) The mark "Seventeen" is not eligible for Patent Office registration in defendant's field of apparel because in that field it is merely descriptive of a size (R. 570, 589).
- (c) There has been no attempt to misrepresent or to confuse, either by the defendants or by the retailers of their products (R. 993).
- (d) Defendant's promotional methods are only those customary in the dress industry and plaintiff's promotional methods are adopted from those of the dress industry (R. 323, 324, 326).
- (e) The word "Seventeen" has been used in the field of publications prior to plaintiff's use, and, indeed, plaintiff sought permission to use it in that field. The word "Seventeen" has long been and is now in general use in other fields of commerce (R. 56, 19, 84, 681, 715, 913).
- (f) The controversy between plaintiff's use of the word "Seventeen" as its magazine title and defendant's use of the phrase "Seventeen for the Junior Teens" as their trade name for dresses does not involve any symbol, artifice, de-

vice or anything except the right to the employment of the common word "Seventeen."

(g) The record is devoid of any evidence of actual confusion on the part of the public and the meager evidence of possible confusion, based upon the opinions of those with whom plaintiff is commercially related, is entitled to no probative value (R. 400).

The existence of one of the foregoing considerations has heretofore usually been fatal to a claim for relief. No case has heretofore granted relief in which all or even most of the foregoing considerations were present.

The decision of the lower courts in the case at bar were motivated, as is apparent from the opinions, by a conclusion that defendants must have known that plaintiff intended to launch a new magazine, and determined to gain what advantage they could from plaintiff's publicity campaign. That fact has never heretofore been determinative of a decision unless it was accompanied by fraud, passing off and confusion, or unless it involved the outright appropriation of a distinctive and artificial symbol as distinguished from a word.

The Circuit Court of Appeals was forced to acknowledge that there was no infringement of a registered trade-mark and it was therefore compelled, in order to translate its conclusion into relief, to hold that plaintiff's magazine almost instantaneously upon its publication acquired a secondary meaning. That holding has heretofore been negatived by a decision in another circuit. Still other decisions have refused relief even where a secondary meaning was admitted. In no case has it heretofore been held that a name that for years has been in general use in commerce could acquire a secondary meaning overnight.

The Circuit Court of Appeals was unable to fit the instant case into any category of previous decisions, either

by the United States Supreme Court, by lower federal courts, by courts in the State of New York, or by courts in the State of Missouri. Each case considered by the Court had limitations inherent in the decision which prevented its application to the case at bar. The Circuit Court of Appeals was under a necessity of going further in order to justify its holding for the plaintiff. The Court held that, although the businesses of plaintiff and defendant did not conflict nor compete, nevertheless their advertising did; that the product manufactured by defendants was the same product as was manufactured by some of the advertisers in plaintiff's magazine; that plaintiff could, as an incident of its business, commercially bless and obliquely brand the product of its advertisers; and that the plaintiff could, as an incident of its business, lend its name to its advertisers and protect its advertisers in their use of its name by barring it from availability to anyone who competed with the said advertisers. On principle this means more than the exclusion of the name "Seventeen" from use by dress manufacturers. It means the exclusion of that name from manufacturers or sellers of all apparel items and from the manufacturers or sellers of any item that is now or in the future may be advertised or commented upon in plaintiff's magazine. Since the magazine is admittedly not restricted to apparel or to fashions, but is a service magazine of wide scope, it means that manufacturers of cosmetics, medicines, toilet articles, umbrellas, books, and perhaps even railroad locomotives can be excluded from the commercial use of the word "Seventeen."

That this is true must follow from the broad scope of the court's reasoning and by its application to the facts here, by the court's disregard of prior and contemporaneous use of the word by others, by the court's disregard of the absence of proof of actual confusion of the public and of the absence of any evidence of fraud or passing off, and by the sweeping injunction actually entered by the

Court, which completely prohibited defendant's use either of the word or numeral Seventeen, completely disregarding the theory of permitting the use and only requiring a legend emphasizing a lack of connection between the products, which theory has heretofore been deemed sufficient even between actual competitors.

Thus we have here a novel doctrine. It is a sweeping extension of the limits of protection that have heretofore been recognized as to trade-marks on the basis either of infringement or of unfair competition. The decision has in fact removed any practicable limitation whatever. We now have carte blanche authority in a publisher to appropriate a common word long used by others, to spend a lot of money publicizing the imminent appearance of a new magazine, and to thereafter monopolize that word for itself to the exclusion of any manufacturer or seller of any type of commodity which the publisher may then or later choose to advertise in its magazine at its prevailing advertising rates. Publicity and promotion thus far outweigh in the scales of justice the production and distribution of necessary commodities.

The novel doctrine enumerated above was rendered in the federal courts on the theory that a registered trade-mark was involved and on the further basis that the citizenship of the parties was diverse. These facts have presented serious questions in this case as to federal jurisdiction and as to the applicable law on the question of unfair competition, but entirely aside from these questions, the doctrine itself recognizes a protection to be afforded to a trade-mark that covers a far greater area than any protection heretofore extended by this Court or by any federal or state court. It therefore presents a question whose importance far transcends the private aspects of the dispute between the particular parties involved. It presents a question on its very merits of substantial public impor-

tance, and for that reason alone should be carefully reviewed in all its varied implications by this Court.

2. The instant complaint alleges the infringement of plaintiff's registered trade-mark and further alleges that defendants are guilty of unfair competition. Throughout the trial and appellate proceedings the defendants have urged that the allegation of infringement is plainly unsubstantial. This contention was made because the complaint did not allege that the magazine and defendants' dresses were of the same descriptive properties, but alleged merely that defendants' dresses were of the same descriptive properties as the goods to which plaintiff's magazine was devoted—in other words, that defendants' dresses were of the same descriptive properties as dresses that were advertised in plaintiff's magazine. This allegation does not and cannot bring the case within the requirement in the Trade Mark Act of 1905 that the goods of the parties, namely, plaintiff's goods and defendants' goods, must be of the same descriptive properties. Nevertheless, the Circuit Court of Appeals held that the allegation of infringement made by plaintiff was not plainly unsubstantial, so that the federal court had jurisdiction to determine the issue of unfair competition without regard to the citizenship of the parties. Defendants had contended that diversity was insufficient because jurisdictional amount had not been shown.

The Court of Appeals held that there was no trade-mark infringement but that there was a case made for unfair competition. It thus became material to determine the applicable law on the issue of unfair competition. Both at the trial and on appeal, defendants contended that the law of Missouri must be applied. The Court of Appeals has failed and refused to expressly hold what law is to be applied. It contented itself with stating defendants' contention as to Missouri law and plaintiff's contention as to

the applicability of New York law, and then observed that the law of both states as well as in federal courts was the same. It admitted difficulty in justifying its decision on the basis of Missouri decisions and cited only one. The Missouri decision cited is no wise in point. The Court failed and omitted to cite any of the numerous Missouri decisions urged upon it by the defendants as controlling.

This Court has not since the decision of *Erie Railroad v. Tompkins* pronounced the rule as to what law shall be deemed to be applicable on the issue of unfair competition in a case in which that issue is pendent to an issue of the alleged infringement of a registered trade-mark.

Since defendants have challenged the jurisdictional amount involved, diversity alone will not support the jurisdiction of the federal court if defendants are right in their contention. Jurisdiction will have to be supported on the holding that the unfair competition claim is pendent to a claim of the infringement of a registered trade-mark which is substantially stated. Although defendants have likewise asserted the contention that the Court has no jurisdiction on this ground because the claim of infringement is plainly unsubstantial, let it be assumed for the purpose of argument that defendants are in error on this latter point. In such event, the question of the applicable law to determine the presence or absence of unfair competition where such a claim is made pendent to a claim of the infringement of a registered mark is squarely presented by the record in this case.

The Seventh Circuit Court of Appeals in *Time, Inc. v. Viobin Corp.*, 128 Fed. 2d 860, held that under such circumstances the law of the state of the forum was to be exclusively applied. The Circuit Court of Appeals for the Eighth Circuit in the instant case has failed and refused to limit its decision to the law of the State of Mis-

souri, and insofar as it has considered the law of Missouri it has interpreted that law improperly. The Circuit Court of Appeals for the Eighth Circuit in the case at bar has thus rendered a decision in conflict with the Circuit Court of Appeals for the Seventh Circuit.

Because of the novelty of the above question in this Court, because of its importance in the law of trade-marks and unfair competition, and because of the conflict between the circuits on the point, a review by this Court is impellingly required.

3. Defendants have contended that the complaint of the infringement of a registered mark is so plainly unsubstantial, because of the failure to allege that the goods of the parties are of the same descriptive properties, that jurisdiction of the federal court cannot be supported on the basis of a registered mark. (See *Hurn v. Oursler* [1933], 289 U. S. 238, 240, 244, 246, and compare *Armstrong Paint and Varnish Works v. Nu-Enamel Corp.* [1938], 305 U. S. 315. Although the language of the Armstrong case indicates that a claim of infringement is not plainly unsubstantial if the complaint alleges the registration of a mark, the Hurn case indicates that the test of the substantiality of such a claim is whether or not the allegation of the infringement of the registered mark is itself plainly substantial.) If defendants are right in this contention, the jurisdiction of the Court in the instant case must rest upon diversity only. Laying aside for the moment defendants' further contention that even here jurisdiction must fail because the necessary jurisdictional amount is not shown, and assuming that there is both diversity and jurisdictional amount, the question is immediately presented as to the applicable law on the claim of unfair competition. This Court has heretofore held that where a registered trade-mark is not involved local law applies to the question of unfair competition. *Pecheur*

Lozenge Co., Inc. v. National Candy Co., Inc. (1942), 315 U. S. 666. The Circuit Court of Appeals in the instant case has failed and omitted to honor this decision and has failed and omitted to find what local law is applicable. Such action calls for the supervisory control and review of this Court.

4. The Circuit Court of Appeals for the Eighth Circuit failed and refused to follow the decisions of this Court in Hurn v. Oursler and Armstrong Paint and Varnish Works v. Nu-Enamel Corp., *supra*, in that it has permitted its jurisdiction to be invoked in a case where the allegation of the infringement of a registered mark is plainly unsubstantial. The error of the Court does not depend upon any controversy about facts or evidence, but is evident upon the face of the complaint itself. The limitations in the above decision are rendered meaningless if it is not even necessary for a plaintiff to even plead his case within the provisions of the Trade Mark Act of 1905. **The instant complaint contains no allegation that the magazine of plaintiff and the dresses of defendants are of the same descriptive properties.** Plaintiff could not truthfully so plead and the complaint must be regarded as including a mere colorable and plainly unsubstantial claim of infringement (Act of Feb. 20, 1905, c. 592, sec. 16, 33 Stat. 728; 15 U. S. C. A., sec. 96).

Because the above point is one of first impression, is of importance, and has been decided in disregard of the decisions of this Court, it calls impellingly for review.

5. Although the Circuit Court of Appeals held that the claim of infringement was substantial, it further held that, even had it decided to the contrary, federal jurisdiction could have been supported solely on diversity because jurisdictional amount had been shown. It justified this conclusion by stating that "what plaintiff primarily was seeking to protect was its good-will or the value of its

right to use the name ‘Seventeen’ ” (R. 1027), and it therefore regarded as material the evidence of promotional expenditures, circulation figures and advertising rates.

The Circuit Court of Appeals fell into error by failing to follow the decision of this Court in *McNutt v. General Motors Acceptance Corp.* (1935), 298 U. S. 178, and *K. V. O. S. v. Associated Press* (1936), 299 U. S. 269. According to this Court, the right to be protected is the right of plaintiff to conduct its enterprise free of the alleged interference by the defendants. On this issue the magnitude of plaintiff’s operations and expenditures are irrelevant and no facts are pleaded or proven which tend to show the value of that right. No facts are set forth to show what, if any, curtailment of business or consequent loss the alleged unfair competition would involve if it were deemed to be unfair. The record in the case at bar shows without challenge, through the testimony of plaintiff’s own officers and witnesses, that no loss was due to defendants’ activities (R. 547-548), and further showed that defendants had operated their enterprise at a substantial loss so as to negative a monetary value in any good-will even if the value of good-will were material (R. 540). The record is entirely devoid of any evidence that plaintiff lost any sales because of defendants’ activities, and, on the contrary, revealed constantly increasing sales. The trial court found as a fact that there was no evidence of any misrepresentation on the part of defendants (R. 993).

The refusal of the Circuit Court of Appeals to follow controlling decisions of this Court on the issue of the pleading and proof necessary to show jurisdictional amount calls impellingly for a review by this Court.

6. Whether the law be applied to determine the presence or absence of unfair competition is held to be general federal common law, Missouri law, or New York law, this

case squarely presents the question as to the scope of permissible relief, assuming unfair competition is found to be present and assuming jurisdiction. It must be remembered that in this case the parties are engaged in non-competitive fields, one being a publisher and the others being manufacturers, and it must also be remembered that defendants did not misrepresent nor palm off their products. Without regard to the foregoing considerations, the Circuit Court of Appeals entered a broad and sweeping injunction against the defendants which prevents them from using the name or the numeral "Seventeen" in any manner whatsoever upon apparel items. This scope of relief transcends any that this Court has heretofore deemed appropriate, even in the case of actual market competitors dealing in the same line of commodities. (See Federal Trade Commission v. Royal Milling Co. [1933], 288 U. S. 212; Beech-Nut Packing Co. v. P. Lorillard Co. [1927], 273 U. S. 629, 632-633; William R. Warner & Co. v. Eli Lilly & Co. [1923], 265 U. S. 527, l. e. 532-533; Kellogg v. National Biscuit Co. [1938], 305 U. S. 111, l. e. 120-121; Champion Spark Plug Co. v. Sanders [1947], 67 S. Ct. 1136; Prestonettes, Inc., v. Coty [1924], 264 U. S. 359, l. e. 368). The instant decree prohibits use, instead of requiring full disclosure, and thus even if unfair competition should be regarded as established, conflicts with the applicable limits of relief announced in the foregoing cases. The failure to observe the limitations repeatedly laid down by this Court calls impellingly for review and correction.

7. Defendants have contended throughout these proceedings that the law of Missouri must be applied on the issue of unfair competition. The Circuit Court of Appeals said "It is not important whether the trial court should have applied general law, New York law or Missouri law" and further said "While we have found no Missouri case that

is determinative, it is our view that the same rule would be applied by the courts of that state" (R. 1026). It is apparent that the Court thus failed to decide the applicable law but left the impression that if its decision were to be based solely on Missouri law, it would necessarily hold that the law of Missouri required a finding of unfair competition on the circumstances here.

Defendants have heretofore pointed out the necessity of a review by this Court because of the failure of the Court of Appeals to determine the applicable state law to be applied, but defendants go further and say that if the opinion be subject to the interpretation that Missouri law was determined to be applicable, then review by this Court is required because of the failure of the Circuit Court of Appeals to properly find what the law of Missouri requires on an issue of unfair competition. Only the case of National Telephone Directory Co. v. Dawson Mfg. Co., 214 Mo. App. 683, 263 S. W. 483, was cited. That case cannot be regarded as any authority for the facts in the case at bar because it involved a situation where a plaintiff made telephone book covers carrying advertising which it sold, and superimposed its covers on plaintiff's directory, thereby concealing plaintiff's cover advertising and bodily appropriating plaintiff's property. The case is similar to the celebrated case of International News Service v. The Associated Press (1918), 248 U. S. 215, decided by this Court. The case at bar involves no outright appropriation by defendants of plaintiff's magazine or of its contents and therefore does not fall within the rule of those cases. Indeed, those cases are not an extension of ordinary principles of unfair competition because the actual taking or concealment of another's property is obviously more unfair than the ordinary case of diverting sales and causing loss of business by imitation in the same fields of endeavor.

The Missouri rule is that unfair competition is the passing off of the goods of one producer for the similar goods

of a competing producer. That rule has been recognized by this Court as late as this year in *Champion Spark Plug v. Sanders* (1947), 67 S. Ct. 1136, and the considerations on which it is based were thoroughly explored and approved by this Court in *Kellogg Co. v. National Biscuit Co.* (1938), 305 U. S. 111. In Missouri the rule has been announced repeatedly. See *Westminster Laundry Co. v. Hesse Envelope Co.*, 174 Mo. App. 238, 156 S. W. 767, 769; *A. J. Reach Co. v. Simmons Hardware Co.*, 155 Mo. App. 412, 133 S. W. 503, 506; *Plant Seed Co. v. Michel Plant & Seed Co.*, 37 Mo. App. 313, 316; *St. Louis Carbonating & Mfg. Co. v. Eclipse Carbonating Co.*, 58 Mo. App. 411; *Ralston Purina Co. v. Checker Food Products Co.* (Mo. App. 1935), 80 S. W. 2d 717; *Mary Muffet, Inc., v. Smelansky* (Mo. App. 1942), 158 S. W. 2d 168. The Eighth Circuit Court of Appeals has heretofore followed the rule itself. (See *Seven-Up Co. v. Cheer Up Sales Co.*, 148 Fed. 2d 909.) The Missouri law is indeed an exact parallel of the Illinois law as recently applied by the Seventh Circuit Court of Appeals in *Time, Inc., v. Viobin Corp.*, 128 Fed. 2d 860.

Erie Railroad Co. v. Tompkins, 304 U. S. 64, 82 L. Ed. 1188, required the Circuit Court of Appeals to apply the Missouri law in the instant case in the same way that the Seventh Circuit applied the Illinois law in the *Time* case. Not only has the Court failed to hold that the local law is applicable, but such consideration as it did give to the Missouri law was erroneous. The latter error as well as the former calls compellingly for review and for correction by this Court. The Missouri law is not subject to the inferences that the Court of Appeals has drawn from certain federal and New York cases cited in its opinion, and thus does not permit the conclusion of unfair competition that the Court of Appeals has reached in the case at bar.

8. Leaving aside for the moment the questions raised in this case as to the jurisdiction of the federal courts and

as to the law to be applied to the issue of unfair competition in the event jurisdiction is upheld, it is the position of the defendants that under no proper interpretation of any Missouri, New York, lower federal or United States Supreme Court case do the facts at bar justify a conclusion that defendants have been guilty of unfair competition.

A case not precisely in point on the facts, but closely analogous to the instant case, is *Vogue Co. v. Thompson-Hudson Co.*, 300 Fed. 509, decided by the Sixth Circuit Court of Appeals in 1924. The controversy there was between the fashion magazine *Vogue* and a manufacturer of hats. The promotional activities of the magazine were similar to the promotional activities of plaintiff's magazine in this case. Defendants in the *Vogue* case not only used the word "Vogue" but appropriated plaintiff's distinctive "V-Girl" symbol which it had used for many years. The Court granted relief only because of the fraudulent appropriation of the symbol and refused to enjoin the use of the word "Vogue". Today there are *Vogue* shops everywhere and no harm has befallen that well-known magazine.

In *Time, Inc., v. Viobin Corp.*, 40 Fed. Supp. 249, aff'd 128 Fed. 2d 860, the Seventh Circuit Court of Appeals said it would adopt the opinion of the lower court except for the fact that the law of Illinois had not been applied. The application of that law, said the court, required a finding that there was no unfair competition. The case involved *Life* magazine and a cereal manufacturer who used the name "Life" in its trade-name "Life of Wheat" and who had also appropriated the format and color combination of the magazine for its package. The lower court considered the authorities which have here been advanced as extending the scope of trade-mark protection on the theory of unfair competition and rejected them. The plain-

tiff in that case had advanced the same theory that plaintiff here advances, namely, that persons might be confused into believing that there is some relationship, connection or sponsorship between plaintiff's magazine and defendants' dresses.

The holding of the Circuit Court of Appeals for the Eighth Circuit in the case at bar is in clear and sharp conflict with the holdings in the above-cited cases in other circuits on the merits of the claim of unfair competition. That sharp conflict calls compellingly for review and correction by this Court.

Involved in the question of unfair competition on the merits in the case at bar is the point as to whether or not plaintiff's magazine did, as the Circuit Court of Appeals holds, acquire a secondary meaning almost instantaneously upon its first publication. It must be borne in mind that the record contains evidence unchallenged that the word "Seventeen" has been and is now commercially used on other products and was and is the title of Booth Tarkington's novel, from whom plaintiff sought permission to use the name (R. 19, 84, 681, 715, 913). This Court has rejected a far stronger claim of secondary meaning in Kellogg Co. v. National Biscuit Co. (1938), 305 U. S. 111. Various circuits have done likewise. See Upjohn Co. v. Wm. S. Merrell Chemical Co., 269 Fed. 209, 213; Magazine Publishers, Inc., v. Ziff-Davis Publishing Co., 142 Fed. 2d 182; Crowell Publishing Co. v. Italian Monthly, Inc., 28 Fed. 2d 613, 614; Atlas Mfg. Co. v. Street & Smith, 204 Fed. 398, 405. Indeed, even when a secondary meaning was admittedly established by a magazine, other circuits have held that fact to be no ground for relief on the basis of unfair competition against one who is not a publisher of a competing magazine. See Time, Inc., v. Viobin Corp., 40 Fed. Supp. 249, Aff'd 128 Fed. 2d 860; Meredith Publishing Co. v. O. M. Scott & Sons Co., 88 Fed. 2d 324.

This Court has indeed held that where other users had employed the word in controversy, it was unlikely that the public could be deceived. *American Steel Foundries v. Robertson* (1925), 269 U. S. 372.

The Eighth Circuit Court of Appeals has disregarded and refused to follow the above controlling authorities in other circuits and the above controlling decisions of this Court. It, like the District Court, was misled by the notion that defendants were seeking a free ride on plaintiff's publicity campaign. That argument has been expressly rejected by this Court in *Kellogg Co. v. National Biscuit Co.*, *supra*, l. c. 122, and by the opinion of the District Court, adopted by the Seventh Circuit Court of Appeals, in *Time, Inc., v. Viobin Corp.*, *supra*. Facts to justify relief against a free ride, even if a free ride is admittedly intended, must be accompanied by something more than the mere use of a same or similar word by a non-competitor. All of the cases urged by the plaintiff upon the District Court and the Court of Appeals in the case at bar involve something more. There was either actual fraud, outright appropriation of a distinctive sign or symbol, or an admitted passing off. None of these things exist here and palpable error has resulted. That palpable error, compounded by the conflict with decisions in other circuits and by the failure to follow controlling decisions of this Court, requires review and correction by this Court.

Wherefore, your petitioners respectfully pray that a writ of certiorari be issued out of and under the seal of this Honorable Court, directed to the Circuit Court of Appeals for the Eighth Circuit, commanding that court to certify and to send to this Court for its review and determination, on a day certain to be named therein, a full and complete transcript of the record and all proceedings in the case numbered and entitled on its docket "No. 13,463, Gilbert E. R. Hanson and Joseph Schwartz, Individually and

as co-Partners, doing business as 'Seventeen for the Junior Teens' and doing business as 'Seventeen . . . Juniorized Teens', and doing business as 'Dick Hanson Company,' Appellants, v. Triangle Publications, Inc., Appellee," and that the said judgment of the Circuit Court of Appeals for the Eighth Circuit may be reversed by this Honorable Court, and that your petitioners may have such other and further relief in the premises as to this Honorable Court may seem meet and just.

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Attorneys for Petitioners.

BRIEF IN SUPPORT OF PETITION.

I.

JURISDICTION.

A statement of the grounds on which the jurisdiction of this Court is invoked appears in the petition, and is therefore not repeated here.

II.

STATEMENT OF THE CASE.

A statement containing all that is deemed material to the questions presented appears in the petition under the heading "Statement of the Matter Involved," to which reference is hereby made.

III.

SPECIFICATION OF ERRORS.

The Circuit Court of Appeals erred in each of the following respects:

1. In failing to dismiss the complaint for lack of federal jurisdiction. The complaint should not have been entertained on the basis of the involvement of a registered trade-mark because the allegation of defendant's infringement was so defective as to be nugatory. The complaint wholly failed to allege, as required by the Trade Mark Act of 1905, that the respective goods of the parties were "of the same descriptive properties." The allegation of infringement being plainly unsubstantial, federal jurisdiction could be sustained only on the basis of diversity and a showing of the required jurisdictional amount. Proper proof as to jurisdictional amount was entirely lacking.
2. Assuming that federal jurisdiction could be upheld, error was committed in failing and refusing to determine the applicable law on the issue of unfair competition. Defendants urged the application of Missouri law and plaintiff urged the application of New York law, but the Court refused to limit itself to either.
3. Assuming that the Court had limited itself to an application of Missouri law, error was committed in the determination as to what that law required on the issue of unfair competition. The opinion on this point demonstrates difficulty in justifying the ultimate conclusion reached and cites only one Missouri case as authority. Numerous Missouri authorities submitted by defendants were ignored by the Court.
4. Assuming, as the Court concluded, that New York law, Missouri law and general Federal law were all alike

on the issue of unfair competition, error was committed in holding defendants to be guilty of unfair competition under the facts admitted in the record. Where there is no evidence of fraud nor of palming off, where defendant's activities have caused plaintiff no loss, where the trade names are not identical and no simulated symbol nor artificial device is involved, where the goods of the parties bear no resemblance and are non-competitive, where the trade-name in controversy has long been and is now in commercial use by others, and where the businesses of the parties were promoted and established almost simultaneously, there can be no unfair competition. The foregoing facts are established by the record and error was committed in failing to hold them determinative in favor of defendants.

5. Error was committed in holding, on the issue of unfair competition, that a secondary meaning in the word "Seventeen" could be acquired by plaintiff magazine as indicative of its relationship with any girls' apparel, and further error was committed in holding that such secondary meaning could be acquired almost instantaneously upon first publication. Where the word involved is a common one, has been and is being used in other fields of commerce, and has been known by the public for years as referable to the famous novel published by Booth Tarkington, there can be no such secondary meaning.

6. Error was committed in holding that defendants' selection of their name for dresses, assuming that defendants knew plaintiff published a magazine under the title "Seventeen," was an unfair act and an unfair attempt to trade upon plaintiff's magazine publicity. The error is evidenced by failure to follow decisions holding that there can be no insurance against some confusion and that a plaintiff who selects a common word, as distinguished from

a unique word or artificial symbol, is entitled to no insurance even in cases involving market competitors.

7. Even on the assumption that previously controlling principles could be extended to justify a finding of unfair competition, error was committed in failing to limit the scope of the injunction granted herein.

8. In announcing without color of supporting authority a novel, untried and unsound doctrine to the effect that a mark could be used not to indicate origin, but to commercially bless and obliquely brand the user's product, and could be lent by the user to others for employment by them in diverse fields and on diverse goods in such fashion that the user could protect the mark so diversely employed against its application by third persons on goods unrelated to those of the user.

IV.

ARGUMENT.

1. The complaint should have been dismissed on the ground of lack of federal jurisdiction.

To support federal jurisdiction of a claim for unfair competition it must appear either that (a) a registered federal trade mark is involved, or (b) that there is diversity of citizenship and an amount in controversy in excess of \$3,000.00.

To confer jurisdiction, where the purported basis therefor is the involvement of a statutory trade-mark, it is essential to plead a violation of the federal statute within the terms of that statute. The statute under which plaintiff here obtained registration is the Trade Mark Act of 1905. That Act defines a violation as the colorable imitation of the mark of a party by its use on goods possessing "the same descriptive properties." The instant complaint makes no such allegation. It undertakes to secure jurisdiction by the allegation that defendant's goods were of the same descriptive properties as "the goods to which the magazine was devoted" (R. 8). That allegation is inadequate to establish a case of statutory infringement, even if it were proved, and it must follow that it is inadequate to secure federal jurisdiction. It is a plainly unsubstantial allegation, and under the reasoning in the case of *Hurn v. Oursler* (1933), 289 U. S. 238, it must be concluded that federal jurisdiction cannot be justified by such a transparent and ineffective device. Unless it is at least necessary in trademark cases to allege a statutory violation within the terms of the statute, the limitation in the *Hurn* case is not honored, and the result would be that it is merely necessary to show the registration of a mark, whether or not

the infringement of that mark was an issue, in order to enable a federal court to decide the question of unfair competition which is ordinarily determined only in the state courts.

The Circuit Court of Appeals held in effect that even if the above argument be valid, nevertheless federal jurisdiction could be sustained on the basis of diversity. It is admitted that the citizenship of the parties at bar is diverse. It is defendant's position, however, that there has been a total failure to prove the amount in controversy. The Circuit Court of Appeals found that sufficient evidence had been adduced to indicate that the good-will of plaintiff had a value in excess of \$3,000.00, but defendants say that that fact, even if true, is immaterial. Plaintiff's good-will is not an issue in this case. The issue in this case is the value of any right that plaintiff may have to be free of unlawful interference. The record is entirely barren of any showing that any conduct of defendants caused any loss to the plaintiff. The record contains the admission of plaintiff through its own officer that defendant's activities had not, up to the time of his testimony, which was months after the filing of the suit, caused any loss to the plaintiff (R. 547-548). The trial court found as a fact that the plaintiff had suffered no loss (R. 993). No witness for the plaintiff ventured to show that any amount of sales had been diverted by reason of defendant's manufacture of dresses.

The cases of McNutt v. General Motors Acceptance Corp., 298 U. S. 178, and KVOS, Inc., v. Associated Press, 299 U. S. 269, support the position of the defendants at bar. In the latter case this Court said (l. c. 279):

"The circuit court of appeals sustained the district court's jurisdiction on the ground that the finding upon that point was not without support and the appellate tribunal could not say it was wrong, in view of

the magnitude of the respondent's operations and expenses. As pointed out in *McNutt v. General Motors Acceptance Corp.*, supra, at pp. 180, 181, these factors are irrelevant upon the issue of the value of the right for which protection is here sought.

"Since the allegation as to amount in controversy was challenged in appropriate manner and no sufficient evidence was offered in support thereof, the bill should have been dismissed."

The Circuit Court of Appeals in the case at bar failed and refused to apply the above controlling authorities of this Court. Palpable error has been the result.

2. Missouri law as the lex loci delictus should have been applied exclusively on the issue of unfair competition.

Erie Railroad v. Tompkins (1938), 304 U. S. 64, has been generally believed to have marked the exit of the doctrine that the federal courts were to themselves discover and apply the common law. The result of that decision is said to be that a federal court must apply the law of the forum, that is, the law of the state wherein the federal court sits. As of this date this Court has not expressly ruled as to the applicability of the doctrine of *Erie Railroad v. Tompkins* in a case originating in the federal court which involves a claim of the infringement of a registered trade-mark and a further claim of unfair competition. See *Pecheur Lozenge Co., Inc., v. National Candy Co., Inc.* (1942), 315 U. S. 666, in which certiorari was granted to determine this point, but wherein examination of the record disclosed no registered mark was involved. The question has been considered by several federal courts, and one notable decision on the point is the recent decision of the Seventh Circuit Court of Appeals in *Time, Inc., v. Viobin Corp.* (1942), 128 Fed. (2d) 860.

The "Time" case is worthy of particular consideration not only because it decided the point of applicable law under discussion, but also because it involves facts and a contention on the part of the plaintiff that are closely analogous to the facts and to plaintiff's contention at bar. The Court of Appeals in the "Time" case expressly held that the law of the state of the forum should be determined and applied exclusively on the issue of unfair competition, even though the action involved a claim of the infringement of a registered trade-mark.

The Seventh Circuit decision rules the instant case. It is presumed that the trade-mark is valid and that the allegation of infringement is substantial. If the allegation is so unsubstantial that the mention of a registered mark in a complaint must be deemed to be inserted only for the purpose of attempting to secure consideration by a federal court, it is even more evident that the holding of the "Time" case is sound and controlling here.

Under the facts at bar defendants manufactured dresses in Missouri and shipped those dresses from Missouri. If either of those things constituted wrongful conduct as against plaintiff, that conduct originated in Missouri. It must follow that any wrong first occurred in Missouri. Indeed, it would be in Missouri that the first commercial clash between defendant's dresses and plaintiff's magazine would occur, because plaintiff prides itself on the wide national distribution of its publication and sells them on the newsstands in the State of Missouri. Further, plaintiff has a commercial relationship with retail stores in Missouri, one of which is the large department store of Scruggs, Vandervoort & Barney, in the City of St. Louis (R. 511).

Under these facts, plaintiff's contention that the law of New York is applicable must be regarded as without merit. If plaintiff's publication issues from New York, that does

not mean that a wrong occurs exclusively in that state. Plaintiff actually is alleging a wrong occurring wherever its magazine meets plaintiff's dresses and under its own theory that meeting would take place in nearly every state of the Union. It could hardly be said that the instant case is to be determined in forty-eight compartments, the result of each determination depending upon the law of the particular state where the meeting occurs.

Unfair competition is a tort. Under the Erie Case, if a defendant is sued in a federal court for tort, his liability is to be determined by state tort law. If the tort occurs, for example, in Missouri, and suit is brought in a federal court in Missouri, as is the case here, the Missouri law of torts is applicable. This applicable Missouri law is the internal Missouri law as to unfair competition and must be held to govern where the unfair competition arises in and originates from defendant's acts in the State of Missouri. This Court has already held in a diversity case arising after the Erie decision that a federal court is required to apply the state law to determine liability for unfair competition and for common law trade-mark infringement. *Pecheur Lozenge Co., Inc., v. National Candy Co.* (1942), 315 U. S. 666.

It may be claimed that in the instant case facts are involved which occurred in states other than in the State of Missouri where the federal court was sitting. The presence of multi-state facts necessitates the ascertainment of the state conflicts rule to be applied and necessitates the ascertainment of the particular state whose conflicts rule is to be determined. This Court held in *Klaxon Co. v. Stentor Electric Mfg. Co., Inc.* (1941), 313 U. S. 487, that a federal court in a diversity case must apply the conflicts rule of the state wherein it sits in order to determine the applicable state law. Thus, if the instant case be regarded

as involving multi-state facts, the federal court must apply the conflicts rule of Missouri for tort cases.

The Missouri conflicts rule is that liability for a tort depends upon the law of the place of injury. *Root v. Kansas City Southern Ry. Co.* (1906), 195 Mo. 348, 371, 92 S. W. 621, 629; *Boneau v. Swift & Co.* (St. L. Ct. App. 1934), 66 S. W. 2d 172, 174; *Mitchell v. J. A. Tobin Construction Co.* (K. C. Ct. App. 1942), 159 S. W. 2d 709, 711. Applying this rule to the instant case, it is evident that plaintiff, were it to have any actionable injury, must be said to receive such injury in the State of Missouri, where defendant's acts occurred and where its acts first conflicted with plaintiff's activities.

The Eighth Circuit Court of Appeals failed to follow the Erie case and the case of *Klaxon Co. v. Stentor Electric Mfg. Co., Inc.* It erred in giving any credence to the law of the State of New York or to its notion as to any general federal common law. By giving credence it necessarily refused to determine that the law of Missouri was exclusively applicable on the issue of unfair competition, and that refusal was error.

3. The court erred in its conclusion as to the effect of Missouri law on the issue of unfair competition.

The majority opinion of the Circuit Court of Appeals stated that it found no Missouri case to be determinative, but concluded that Missouri courts would apply the same general law on unfair competition which the District Court applied. As an indication of the correctness of its conclusion, the court cited only one Missouri case, *National Telephone Directory Co. v. Dawson Mfg. Co.*, 214 Mo. App. 683, 263 S. W. 483, 484.

The National Telephone case is no authority on the facts at bar. It involved a situation where a defendant manu-

factured telephone directory covers on which it solicited and placed advertising and thereafter superimposed these covers without plaintiff's consent upon plaintiff's directory, wholly concealing the advertising which plaintiff had imprinted upon its own directory. These facts indicated a willful, deliberate and complete appropriation of plaintiff's property and an equally complete erasure of the commercial advertising value of plaintiff's property. It was an act more unfair than the ordinary passing-off type of unfair competition and is analogous to the type of appropriation outlawed by this Court in the leading case of *International News Service v. The Associated Press* (1918), 248 U. S. 215.

The Circuit Court of Appeals in its majority opinion wholly ignored the numerous applicable Missouri authorities urged upon it by the defendants. These authorities announce the true Missouri rule which is to be applied to the case at bar and which, when applied, will resolve the instant controversy in a judgment for the defendants. The following selected Missouri cases are typical of the correct Missouri law on unfair competition.

Soft-Lite Lens Co., Inc., v. Optical Service Co. (Mo. App. 1939), 133 S. W. 2d 1078, where the court said that in its **broadest aspect** unfair competition is passing off or attempting to pass off the goods of one manufacturer as those of another.*

Westminster Laundry Co. v. Hesse Envelope Co. (Mo. App. 1913), 156 S. W. 767, where the court announced the following principles:

- (a) "Nothing less than conduct tending to pass off one man's goods or business as that of another will constitute unfair competition, for such is the very essence of the wrong on which the law affords redress to the injured party" (l. c. 768).

(b) "Unless the word or phrase involved has become a parcel of the goodwill of his business by **continued user** in connection with the product of the proprietor, it is entirely clear that the use of the same word by another does not reveal unfair competition" (l. c. 769).

A. J. Reach Co. v. Simmons Hardware Co. (Mo. App. 1911), 135 S. W. 503, 506, where the court said: "It is only when others use the word as indicating defendant as the **origin**, when they try to palm off their goods as the goods of defendant, that defendant can complain."

Plant Seed Co. v. Michel Plant & Seed Co. (1889), 37 Mo. App. 313, 316, where the court said: "We think we are justified, both upon principle and authority, in the assertion that in a case of this kind a complainant should be required to establish the facts, warranting relief, by very satisfactory proof; because courts are very disinclined in any way to interfere with, or discourage, competition in trade."

St. Louis Carbonating & Mfg. Co. v. Eclipse Carbonating Co. (1894), 58 Mo. App. 411, 418, where it was said that a court of equity "will not enjoin imitations of the labels, billheads or commercial names of a **rival trader** unless such imitations are **fraudulently designed** and **tend to occasion damage**. The granting of relief in such cases is rested upon the right of a trader to be protected from dishonest competition."

Ralston-Purina Co. v. Checker Food Products Co. (Mo. App. 1935), 80 S. W. 2d 717, held that unfair competition is the passing or attempt to pass on the public the goods and products of one person as those of another where, for example, a person appropriates as his own or simulates the words, phrases or dress of goods which have been em-

ployed and adopted by another by such long use in his trade or business as to have become identified with the same and thereby understood and looked upon by the public as designating his particular goods and products, and so to have become a part of the goodwill of his business. The court further held that the test of unfair competition was whether, when the goods were not viewed together, a purchaser of ordinary prudence would be induced by reason of marked resemblance and general effect to mistake one for the other, and that the best evidence of that fact would be a comparison of the goods themselves by the court.

Mary Muffet, Inc., v. Smelansky (Mo. App. 1942), 158 S. W. 2d 168, held that any conduct, the natural and probable tendency and effect of which would be to deceive the public so as to pass off the goods or business of one person as and for that of another, would constitute actionable unfair competition.

The above Missouri decisions make clear beyond any reasonable doubt that the Missouri law requires passing off to sustain an action of unfair competition. The District Court in the case at bar held that the record was devoid of any evidence indicative of an attempt by the defendants or by the retailers of their products either to confuse or to misrepresent their goods as those of the plaintiff (R. 993). Under applicable Missouri law properly determined, this admitted fact rules the instant case against the plaintiff herein.

The Circuit Court of Appeals in its majority opinion has failed and refused to properly determine the requirements of Missouri law on the issue of unfair competition and has failed and refused to apply those controlling principles to the facts at bar.

4. Defendants cannot be held guilty of unfair competition even if it were proper to apply New York law or general federal common law.

Defendants are not guilty of unfair competition under the Missouri law requirement that there must be a showing of passing off, because the District Court found in this case that there was no evidence of passing off by the defendants (R. 993). The plaintiff has contended, however, and the Court of Appeals has approved its contention, that certain federal and New York cases have pronounced a broader basis for relief against unfair competition and that it may be presumed that even Missouri courts now follow this asserted broader basis. The plaintiff cited New York and federal authorities in support of its contention, the chief among which are cited by the Court of Appeals in its opinion (R. 1019). Defendants say that an examination and close analysis of these authorities demonstrate that they do not apply to the facts at bar.

It is to be borne in mind that the facts at bar not only show a lack of passing off, but show also no attempt to confuse. The products involved are distinctly different. It is impossible to say that an ordinary purchaser either of magazines or of dresses would be led to believe that plaintiff publishing company was also in the business of manufacturing and marketing dresses. The nature of the goods themselves prevents this belief. Even were the goods not so diverse in nature, it is difficult to see how the public could suppose the word "Seventeen" to indicate only the plaintiff publishing company as the origin of items bearing that name, in view of the fact that the word for years has suggested Booth Tarkington's novel and in view of the fact that for years it has been commercially applied to items manufactured and marketed nationally by producers other than either plaintiff or the defendants (R. 56-57, 992, 833, 821, 18-19, 673-767).

The foregoing facts take the case at bar out of the authority of any of the cases cited by the Court of Appeals, and an examination of the reasoning of those cases demonstrates that their proper application to the facts at bar would result in a decision in favor of the defendants.

The Court of Appeals considered the law of New York to be evidenced by the cases of *Tiffany and Co. v. Tiffany Producers, Inc.* (N. Y. Sup. Ct. 1932), 264 N. Y. Supp. 459 (App. Div. N. Y. Sup. Ct. 1932), 260 N. Y. Supp. 821 (Ct. App. N. Y. 1933), 188 N. E. 30, and *Philadelphia Storage Battery Co. v. Mindlin* (N. Y. Sup. Ct. 1937), 296 N. Y. Supp. 176. The Tiffany case involved as plaintiff a corporation organized in 1868 which manufactured and sold jewelry, silverware, stationery and leather goods. Its predecessor was organized in 1837, so that the name "Tiffany" had been used on the commodities of itself and its predecessor for almost one hundred years. The name "Tiffany", used by the plaintiff, was a family name, and it appeared that some member of the Tiffany family had been engaged with plaintiff and its predecessor from 1837 until the date of suit. The defendant corporation had been organized in 1921 and produced and sold motion pictures. No explanation whatever was given by defendant as to the reason for its choice of name. Its merchandising and advertising activity was described by the court as follows (l. c. 460, 461):

"On its motion pictures, in its advertising and on its letterheads defendant had used as an identifying symbol the representation of a diamond with a light radiating therefrom, in conjunction with the name 'Tiffany'; a diamond in a ring in connection with the name 'Tiffany' on advertising matter, and such phrases as '20 Gems from Tiffany', 'Tiffany, it's a Gem', 'Tiffany Presents', 'Tiffany Tone', 'Controlled by Tiffany', 'Tiffany, a World-Wide Organization'."

The record contained testimony that such advertising presentation actually confused persons into believing there was a relationship between defendant and plaintiff.

Because of the presence of a unique family name in commercial use by plaintiff for almost a century the court very properly rested its decision in a large measure on such showing. At page 462 of its opinion the court said:

“The more distinctive or unique the mark the deeper is its impression upon the public consciousness and the greater its need for protection against vitiation or dissociation from the particular product in the connection with which it has been used.”

Added to this factor was the connection of the name by the defendant with jewelry advertising and an attempted identification in that advertising of its pictures with jewelry, which led the court to the inescapable conclusion that the sole reason for defendant's choice of the name was to trade on plaintiff's reputation, built up by it in its family name in the field of jewelry for nearly one hundred years. The court recognized that only the peculiar facts of the case could justify its conclusion, and that absent such peculiar facts its conclusion could not be justified by any of the generally accepted principles and tests in the field of unfair competition. At page 463 of its opinion the court expressly said:

“This decision reposes on and is limited by the facts in this record * * *.”

The Tiffany case must be categorized as a symbol case and as a case involving an undisputed unique family name with a long-established secondary meaning. In all these respects it differs from the case at bar and cannot be regarded as authority for any decision in the case at bar. The Tiffany case is easily distinguishable on its facts and

must be and should be distinguished from the facts here. It announces the dilution theory of trade marks and that theory is not involved in the pending case. The Tiffany decision itself announces the fact that it reposes upon and is limited by the facts in its own record.

In Philadelphia Storage Battery v. Mindlin, plaintiff had used the word "Philco" on radio sets and storage batteries and sought to enjoin the use of that name by defendant on razor blades. The court in rendering a decree for the plaintiff based its decision on the holding that public identification of "Philco" with radio sets and accessories made "confusion of source inevitable" (l. c. 180). According to the court, "The very use of the brand is sufficient to induce a mistake of identities and therefore an injunction should issue" (l. c. 181). The court admitted that its decision went a step beyond previous New York decisions, but relied upon what it considered to be a liberal trend in the law.

Even in taking a step which was beyond previous New York holdings, the court recognized limitations upon the doctrine of liberality. On page 181 of its opinion the court said:

"There may be situations in which protection should not be projected beyond the field of the plaintiff's exploitation of his mark. Defendant's use may be entirely too remote to occasion any conceivable injury; the mark may be so nondescript as to render further dilution of its selling power improbable; defendant may have used the mark for many years and developed a goodwill of his own before name conflict occurs; there may be an honest commercial need for the use of the term by defendant. The law, particularly in this field, is still in a formative stage and its frontiers are yet to be defined."

No comparison can be drawn between "Seventeen" in the case at bar and "Philco" in the above case. The former is a common word, the latter is coined. The former has been used by others for years, the latter was not so used. The former was not used in the first instance by plaintiff at bar, but the latter was used in the first instance by the storage battery company. The former is ordinary, the latter is unique.

The opinion in the "Philco" case invokes the theory of the dilution of trade marks, which requires for its application the finding of a unique mark. That very doctrine, according to the Philco opinion, is not applicable if a mark is so nondescript as to render further dilution of its selling power improbable. "Seventeen" as a mark has been diluted on a book, diluted on cosmetics, diluted on corsets, diluted on liquid antiseptics, diluted on laxative tablets, and indeed, diluted on many other commercial commodities. It could hardly be said to be further diluted by its use on dresses, even if Booth Tarkington himself were the plaintiff here. Defendants' use cannot be said to constitute a dilution of the name in its capacity as a magazine title, especially where the publisher is far down on the list of users. The Philco case is itself excellent authority for a conclusion contrary to that announced by the majority opinion of the Court of Appeals and demands a conclusion favorable to the defendants at bar.

The federal cases cited by the Circuit Court of Appeals cannot properly be regarded as applicable to the facts at bar. These cases are Yale Electric Corp. v. Robertson, Second Circuit, 26 Fed. 2d 972; Del Monte Special Food Co. v. California Packing Corp., Ninth Circuit, 34 Fed. 2d 774; Atlas Diesel Engine Corp. v. Atlas Diesel School (D. C. E. D. Mo.), 60 Fed. Supp. 429; Vogue Co. v. Thomp-

son-Hudson Co., Sixth Circuit, 300 Fed. 509, 512; Esquire, Inc. v. Esquire Bar (D. C. S. D. Fla.), 37 Fed. Supp. 875; L. E. Waterman Co. v. Gordon, Second Circuit, 72 Federal 2d 272.

The Yale Electric case concerned the mark "Yale" used on locks and keys as opposed to its use on flashlights, all in the field of hardware. The name "Yale" was a unique family name with a long-established secondary meaning. Those motivating factors of that decision are not present at bar.

The Del Monte case involved the highly distinctive name "Del Monte" used on competing food products and also involved a long-established secondary meaning. None of these determinative factors are present in the case at bar.

The Atlas Diesel Engine case involved a long-established secondary meaning for Diesel engines and both parties were engaged in some aspect of the Diesel engineering field. Neither of those motivating factors are present in the case at bar.

The Vogue case is somewhat analogous to the case at bar. It was a suit brought by the fashion magazine "Vogue" against a manufacturer of hats who had chosen as its trade name not only the name "Vogue" but also the distinctive "V-Girl" symbol employed by the magazine. This case clearly points out a distinction between a symbol mark and a common word mark, and defendants submit that it is authority for a decision in their favor at bar. The court there held that plaintiff was not entitled to the exclusive use of the word "Vogue" but that plaintiff could enjoin the appropriation by defendant of plaintiff's distinctive symbol. Even though the magazine Vogue had used its title for many years, it was shown

that no secondary meaning had been established because of the commercial use of that word by others. Failure of the Court of Appeals in the instant case to apply the reasoning of the *Vogue* case has resulted in a conflict with the Sixth Circuit.

The "Esquire" case arose when a restaurant adopted not only the name "Esquire" but appropriated all of the indicia of identification of the magazine "Esquire," such as the "Elky" figure with the bulbous eyes, the color layout of the magazine and its format, and placed them upon its menu, its wine lists, its napkins, its waiters' jackets, and its walls, and advertised them in connection with its restaurant in newspapers. This is a flagrant example of the appropriation of a distinctive identifying symbol, and the decision has as its authority the "V-Girl" symbol portion of the "*Vogue*" decision. It is no authority whatever at bar because no appropriation of a symbol is involved in the case at bar.

The Waterman case involved the use of the mark "Waterman", a unique and established family name employed on fountain pens, as it was subsequently applied by defendants on razor blades. Judge Learned Hand departed in this case from the narrow theory that there must be actual competition by a similar product to justify unfair competition, although it is to be observed that both fountain pens and razor blades are in the common field of hardware and are sold in the same retail stores. This advance in the Second Circuit cannot be said to apply to such unrelated commodities as a magazine and dresses, the first of which is sold through the mail and on newsstands in the field of publications, and the second of which is sold in apparel departments of retail stores. Judge Hand himself pronounced the limitation upon the doctrine of the "Waterman" case by stating that "the goods on which the supposed infringer puts the mark may be too

remote from any that the owner would be likely to make or sell" (l. c. 273).

The Court of Appeals not only failed to recognize the above distinctions in the authorities upon which it relied, but wholly ignored numerous authorities in this Court, in other circuits and in various states. It particularly ignored the case of Time, Inc., v. Viobin Corp., 128 Fed. 2d 860, decided by the Seventh Circuit, wherein "Life" magazine urged against a manufacturer of "Life of Wheat" cereal the same theory that plaintiff at bar advances. The District Court in that case considered the very authorities upon which the Eighth Circuit Court of Appeals purports to rely, and rejected them (40 Fed. Supp., l. c. 251). The two circuits, as a result, must be regarded as being in express conflict, just as the Sixth Circuit in the "Vogue" case must be regarded as in conflict with the Eighth Circuit at bar.

The considerations which have motivated the courts in certain of the federal and New York cases to grant relief on the basis of unfair competition where the users engaged in the controversy are not competitors in the manufacture or sale of identical goods may be summarized as involving at least one, and usually several, of the following facts:

1. An identifying symbol which was trespassed.
2. A family name with a secondary meaning established through long use.
3. Actual confusion as to the origin of products.
4. Dilution of the value of a unique and long used mark.
5. Use of the marks in either the same or a similar field of business, although not in actual competition.
6. A peculiar or unique mark with a secondary meaning established through long use.

Not one of the above patterns of fact exist at bar. The word "Seventeen" is not unique and is not a family name. No symbol is involved. There is no community of business operation. The use of the name by the parties was practically simultaneous, and plaintiff has no long-established priority of use.

It is submitted that no existing authority justifies holding these defendants guilty of unfair competition against plaintiff herein. It must follow that in so holding, the Circuit Court of Appeals for the Eighth Circuit has conflicted with New York decisions, has conflicted with Missouri decisions, has conflicted with the Sixth and Seventh Circuits, and has conflicted with decisions of this Court. See Kellogg Co. v. National Biscuit Co. (1938), 305 U. S. 111; Hanover Star Milling Co. v. Metcalfe (1915), 240 U. S. 403.

5. "Seventeen" as employed by plaintiff apart from its use as a title could not and did not acquire a secondary meaning.

The Court of Appeals held that plaintiff's promotional use of its name in a service for commercially blessing and obliquely branding the merchandise of others as a medium for identifying and stimulating the sale of its magazine had given to its magazine a secondary meaning indicative in the public mind of a relationship between it and any girls' apparel on which or as to which the name was used (R. 1023-1024). The Court further held that the magazine had become from the time of its first publication a recognized and outstanding magazine for teen-age girls, so that the claimed secondary meaning was acquired almost instantaneously (R. 1021, 1024).

The function of a trade-mark is to indicate the origin of a product. This Court has held in the case of Kellogg

Co. v. National Biscuit Co. (1938), 305 U. S. 111, that origin means the producer and not the product. Plaintiff does not claim, nor did the Court of Appeals find, that any secondary meaning in the word "Seventeen" indicated to the public that the goods to which the mark was attached referred to the plaintiff Triangle Publications Co. as the originator of those goods. On the basis of the Kellogg decision, therefore, any secondary meaning that indicated a relationship between any girls' apparel and any magazine, rather than the publisher thereof, would be immaterial.

Let it be assumed for the purpose of argument that the name "Seventeen" had been so widely used for so long a period of time as to create in the mind of the public the impression that the magazine and its publisher were one and the same thing, so that in effect the magazine was identical with its producer. That assumption, of course, does violence to the facts at bar, because the magazine had hardly been born into the publishing world before this controversy occurred. Even on the basis of such assumption, however, it would be necessary to show that the word "Seventeen" could not reasonably convey to the minds of the public any other commercial meaning besides the fact that an article to which it was affixed emanated from the magazine itself. How can that be shown, when Booth Tarkington's novel has been so firmly impressed on the minds of all literate Americans ever since 1915? How can that be true, when teen-age girls themselves have been solicited for years by the national advertising of "Seventeen" cosmetics, which has been slanted toward them particularly (R. 903)? How can that be true, when the name "Seventeen" has for years been used on other commercial products in the market place? How can that be true, when the name "Seventeen", before and since the inception of this controversy and this lawsuit, and even now, is in commercial use on other products? How can that be true,

when people generally know that "Vogue" articles and "Vogue" establishments do not refer to the magazine "Vogue," and that "Esquire" articles and "Esquire" establishments do not refer to the magazine "Esquire"? How can that be true, when even a child would know that a magazine publisher does not engage in the manufacture of dresses as an incident of or as a corollary to his publishing business?

We have been able to find no authority that would permit the foregoing obstacles to be hurdled in arriving at a conclusion that plaintiff here had established such a secondary meaning as to enable it to found actionable unfair competition against the defendants. We have found vast authority to the contrary. The Seventh Circuit in *Time, Inc., v. Viobin*, *supra*, refused to find unfair competition, even though the extensive publicity and tremendous circulation of the weekly magazine "Life" were beyond question. The same treatment of secondary meaning was present in *Vogue v. Thompson-Hudson Co.*, *supra*, with reference to the magazine "Vogue." The Second Circuit, the same circuit that plaintiff so strenuously argues has countenanced an extension of unfair competition doctrines, considered and negatived the same question of secondary meaning in the case of *Magazine Publishers, Inc., v. Ziff-Davis Publishing Co.* (1945), 147 Fed. (2d) 182. The Sixth Circuit, in the case of *Upjohn Co. v. Wm. S. Merrell Chemical Co.*, 269 Fed. 209, 213, has expressly said that secondary meaning cannot be established overnight by extensive advertising. The Missouri cases referred to earlier in this brief also point out the impossibility of a finding of secondary meaning under the facts at bar.

The foregoing authorities involved as a general proposition a consideration as to whether a mark had acquired a secondary meaning that made it referable to the plaintiff as being the originator of a particular product. In the

case at bar, however, the Court of Appeals has gone further. It has said that the secondary meaning that plaintiff has acquired through its promotion is one that attaches to any girls' apparel on which or as to which it may be employed. Under this pronouncement it is not necessary that the mark be attached in praesenti to any particular commodity or that the commodity have any relationship to either of the parties to this action or to their products, except insofar as it may at some time be advertised or commented upon in the plaintiff's magazine. Defendants must flatly say that not only have they found no authority to support such pronouncement, but that they did not even conceive that such a pronouncement would ever be made until they read the opinion of the Court of Appeals in the case at bar. How a secondary meaning can ever be acquired by a magazine in such a boundless and vague field as girls' apparel is inconceivable to these defendants. If such is to be the law, that law is in conflict with all of the authorities on the question of secondary meaning, and that conflict must remain until it is either expressly approved or expressly rejected by this Court.

6. Defendants' selection of their name under the circumstances at bar did not constitute an unfair act.

The Circuit Court of Appeals approved the finding of the District Court that defendants deliberately selected their name with foreknowledge of the reputation the magazine had recently acquired in order to trade on and take unfair advantage of the magazine's fame, reputation and goodwill, and that although they had not directly misrepresented or confused, yet they had sought to foster an impression of some connection with the magazine by furnishing retail stores with hang-tags emphasizing the word "Seventeen", as did the magazine (R. 1022).

In reaching the above conclusion, the court wholly ignored the fact that the use of hang-tags by the defendants

was a trade device indigenous to the dress industry (R. 323, 324, 326). Defendants, in employing hang-tags, did only what all dress manufacturers do. The magazine, in employing hang-tags, adopted and infringed upon the publicity media of the dress industry.

The evidence shows that defendant Hanson discussed the name "Seventeen" long before it was ever adopted by plaintiff (R. 556-558, 650-656). At the time he organized the business of defendants, the publicity furor that plaintiff created in the East preliminary to launching its new publication had not permeated to the Midwest, and that fact lends credence to defendants' claim that they were not influenced by the magazine's name. But even if it be assumed that defendants did know that a magazine named "Seventeen" was to be published, that knowledge is no ground for designating the selection of their name as unfair and characterizing it as an attempt to obtain a "free ride", as did the District Court (R. 947).

In Upjohn v. Wm. S. Merrell Chemical Co., 269 Fed. 209, it clearly appeared that defendant had copied plaintiff's product and begun actual competition with plaintiff before there was time for plaintiff to get the indicative effect of its trade dress sufficiently established. To the argument that immunity in such case would make the diligent thief immune, while the one who might hesitate and delay must give up his plunder, the court said (l. c. 214):

"The answer is that there can be no larceny, unless the title or possessory right of the first holder is better than that of the second taker, and that in this case, until the general public belief among users that tablets of this appearance were phenolax wafers had come into existence, plaintiff's title to this combination of characteristics was no better than defendant's. * * * and in any such case it may be a lesser evil that plaintiff must fail of full protection than that free

choice of common form should be denied to competitors."

In Vogne v. Thompson-Hudson Co., *supra*, the court, in refusing to enjoin use of the word "Vogue" standing by itself, commented that even if it were assumed that there might be a slight element of mistake or confusion on the part of purchasers who supposed the name might indicate some connection with the magazine, it would be a mistake for which the publisher must carry the responsibility, because it chose as its name a word which all are at liberty to use.

The following observation of the court in Beech-Nut Packing Co. v. P. Lorillard Co., 7 Fed. 2d 967, is pertinent here:

"But from confusion and injury caused by similarity of names the court will not relieve. The defendant had the right to use its trade mark, if it did so reasonably and honestly." It is not the use, but dishonesty in the use, that is condemned, and it is a question of evidence in every case whether the name or trade mark has been used honestly or fraudulently."

In Kellogg Co. v. National Biscuit Co. (1938), 305 U.S. 111, 122, this Court said:

"Kellogg Co. is undoubtedly sharing in the goodwill of the article known as 'Shredded Wheat'; and thus is sharing in a market which was created by the skill and judgment of plaintiff's predecessor and has been widely extended by vast expenditures in advertising persistently made. **But that is not unfair.** Sharing in the goodwill of an article unprotected by patent or trade-mark is the exercise of a right possessed by all—and in the free exercise of which the consuming public is deeply interested. **There is no evidence of**

passing off or deception on the part of the Kellogg Company; and it has taken every reasonable precaution to prevent confusion or the practice of deception in the sale of its product."

The Circuit Court of Appeals wholly ignored the applicability of the above decisions to the facts at bar. Its conclusion of unfair competition at bar is accordingly in conflict with each of the above cited authorities. The application of those authorities to the point herein discussed, the point being the consideration on which the decisions both of the District Court and the Court of Appeals have apparently turned, requires a decision at bar favorable to the defendants.

7. **The injunction granted is so broad as to constitute an abuse of discretion.**

It is defendants' position that plaintiff is entitled to no relief under the facts involved in this case. Assuming, however, that some sort of relief is permissible, it is defendants' position that the sweeping injunction approved by the Court of Appeals (R. 962) which totally prohibits them from using their trade-name embodying the word "Seventeen" on their products in **any manner whatsoever** is so far beyond any heretofore recognized limit of the permissible scope of relief as to constitute an abuse of discretion by the Court of Appeals. Decisions of this Court have time and again announced the extent of permissible relief in trade-mark infringement and unfair competition cases, and the Court of Appeals, in approving the instant prohibitory injunction, has wholly disregarded these decisions. As a consequence, the decision at bar is in conflict with controlling decisions of this Court.

In *Federal Trade Commission v. Royal Milling Co.* (1933), 288 U. S. 212, 217, this Court said:

"Although we sustained the Commission in its findings and conclusions to the effect that the use of trade names in question and the misstatements referred to constitute unfair methods of competition within the meaning of the Act, and that its proceeding was in the interest of the public, we think under the circumstances the Commission went too far in ordering what amounts to a suppression of the trade names. . . . The order should go no further than is reasonably necessary to correct the evil and preserve the rights of competitors and public; and this can be done, in the respect under consideration, by requiring proper qualifying words to be used in immediate connection with the names."

Even in a case involving the claimed appropriation of a distinctive symbol, this Court indicated that complete prohibition of defendants' use of a name was not to be required. The following quotation of this Court in Beech-Nut Packing Co. v. P. Lorillard Co. (1927), 273 U. S. 629, 632-633, is pertinent:

"* * * it may be true that in putting a hyphen between Beech and Nut, framing its label with an oval and substituting a beechnut for a squirrel in the center, the defendant was trying to get an advantage from the plaintiff's goodwill, and if challenged at once might have been required to make it even plainer than it was made by the word 'Lorillard's,' in large letters upon the label, that the plaintiff had nothing to do with the goods."

This Court has not even required a complete suppression of a trade name in a fraud case involving actual competition. In Wm. R. Warner & Co. v. Eli Lilly & Co. (1923), 265 U. S. 527, 532-533, this Court said:

"The use dissociated from the fraud is entirely lawful, and it is against the fraud that the injunction lies. * * * Clearly, the relief should extend far enough to enjoin petitioner, and its various agents, from, directly or indirectly, representing or suggesting to its customers the feasibility or possibility of passing off Quin-Coco for Coco-Quinine * * * we think the decree fairly may require that the original packages sold to druggists shall not only bear labels clearly distinguishing petitioner's bottled product from the bottled product of respondent, but that the labels shall affirmatively state that the preparation is not to be sold or dispensed as Coco-Quinine or be used in filling prescriptions or orders calling for the latter."

In Prestonettes, Inc., v. Coty (1924), 264 U. S. 359, an infringement case, this Court had occasion to comment that:

"The decree seems to us to have gone too far" (l. c. 367).

At page 368 the limit of permissible injunctive relief was succinctly stated in the following language:

"Then what rights does the trade mark confer? It does not confer a right to prohibit the use of the word or words. It is not a copyright. * * * A trade-mark only gives the right to prohibit the use of it so far as to protect the owner's goodwill against the sale of another's product as his."

In a case decided by this Court earlier this year, Champion Spark Plug Co. v. Sanders (1947), 67 S. Ct. 1136, certiorari was granted in order to consider the adequacy of the relief granted in an unfair competition case, the claim having been made that the decision conflicted on such point with a decision in the Eighth Circuit. It

appeared that there was no evidence of fraud or palming off, and to that extent the case is similar to the case at bar. This Court approved an injunction which did not prohibit the use of the trade name but which did require a full disclosure of no connection between the parties.

The common thread running through the above decisions of this Court is evidenced by the following language in Armstrong Paint & Varnish Works v. Nu-Enamel Corp. (1938), 305 U. S. 315, 336:

“This right of freedom **does not confer a monopoly on the words.** It is a mere protection against their unfair use as a trade mark or trade name by a **competitor seeking to palm off** his products as those of the **original user** of the trade name.”

A strong case of unfair competition through fraud, misrepresentation, creation of confusion and outright appropriation would not, under the above decisions of this Court, justify the issuance of a prohibitory injunction completely suppressing defendant's trade name, especially in view of the diverse character of the articles involved. Where none of those considerations are present and where the District Court expressly found neither passing off nor any attempt to misrepresent or to confuse (R. 993), the issuance of such an injunction and the complete disregard of the limitations inherent in the above cases must be characterized not only as an evident conflict, but as an abuse of discretion by the Court of Appeals of such magnitude as to require summary correction by this Court.

8. The extension of trade mark monopoly countenanced by the Court of Appeals is without supporting authority and is contrary to the public interest.

The Court of Appeals, in holding that a mark may be employed to the exclusion of others in a scheme to com-

mercially bless and obliquely brand the user's product, has approved the particular scheme employed by the plaintiff at bar. That scheme was described as the lending by plaintiff of its mark to manufacturers and retailers of products different from and in classes entirely distinct from the product of plaintiff. **This is a revolutionary concept.** It has heretofore been considered the function of a mark to be the badge of a producer which identifies a particular article as having been made by that producer. It has never heretofore been supposed that the name could be placed upon articles neither made nor controlled by a particular producer and barred by the owner from use by another in a field wholly dissociated from the owner's own individual or corporate activity.

This Court has had occasion for many years to define the permissible area of the use of commercial trade-names through the process of inclusion and exclusion in its decisions. Accepted principles of fairness and equity have been sifted from that process. The Court of Appeals, in arriving at its decision at bar, has necessarily overthrown and disregarded those heretofore controlling principles.

Hanover Star Milling Co. v. Metcalfe (1915), 240 U. S. 403, involved competing producers of "Tea Rose Flour" and the appropriation of a symbolical three rose design. The case went off on a consideration of the territorial use of the competing marks. In the course of the opinion it was found necessary to consider the function and purpose of identifying marks. At page 412 of the opinion this Court said:

"The primary and proper function of a trade mark is to identify the origin or ownership of the article to which it is affixed."

But when a dress manufacturer who advertises in the magazine "Seventeen" affixes a hang-tag furnished him by

the magazine to his dress, he does not thereby indicate nor does he intend to indicate that the manufacturer of that dress is the magazine or that it has any control whatever over the dress. The manufacturer's own label in the dress indicates its origin, for it is available to and actually inspected by every potential purchaser. What that manufacturer is doing is merely collaborating with the magazine in a mutually convenient promotional stunt. It has heretofore been thought that monopoly rights in the field of trade-marks were for the purpose of giving legitimate encouragement to the production of consumers' products. That will no longer be true if such protection is to be extended to publicity stunts by a publication which can carry advertising in numerous fields of commerce and, without producing a single item in them, usurp a name from every person actually engaged in each of those fields.

The Hanover opinion approved the following language from the English case of *Ainsworth v. Walmsley*, L. R. 1, Eq. Cas. 518, 524:

“This court has taken upon itself to protect a man in the use of a certain trade-mark as applied to a **particular description of article**. He has no property in that mark per se, any more than in any other fanciful denomination he may assume for his own private use, otherwise than with reference to his trade.”

The trade of the plaintiff at bar is publishing. It cannot publish dresses, but the Court of Appeals has nevertheless sanctioned plaintiff's exclusive reservation of its mark, not only on its publications and not only on any particular article, but in the whole vague and nebulous field of “any girls' apparel” in which plaintiff is admittedly not engaged.

The Hanover opinion set forth at page 415:

"Of course, if the symbol or device is already in general use, employed in such manner that its adoption as an index of source or origin would only produce confusion and mislead the public, it is not susceptible of adoption as a trade mark."

In the case at bar, the record shows without contravention that the word "Seventeen" has long been and is now employed commercially by others, both as a title and as a trade-name (R. 19, 84, 681, 715, 913). Its adoption by plaintiff has originated confusion, and such additional confusion has been approved by the decision of the Court of Appeals, that Court having wholly disregarded the prior and contemporaneous use of the name.

In United Drug Co. v. Theodore Rectanus Co. (1918), 248 U. S. 91, the Court said (l. c. 97):

"In truth, a trade mark confers no monopoly whatever, in a proper sense, but is merely a convenient means for facilitating the protection of one's goodwill in a trade by placing a distinct mark or symbol—a commercial signature—upon the merchandise or the package in which it is sold."

This Court, in the Rectanus case, never visualized the enormous departure by the Court of Appeals from this principle in authorizing the mark to be used on someone else's goods and yet to have it subject to exclusive reservation by the owner, not only on goods in his own field, but on goods in those fields in which he authorizes its use but does not himself engage.

In American Steel Foundries v. Robertson (1925), 269 U. S. 372, the word "Simplex" was in controversy, and it appeared that the name had been registered on other

products by other persons. This Court held that the numerous other users of the word "Simplex" made it unlikely that the public would be deceived to the injury of any other user. The correctness of that statement as applied to the facts at bar is reflected by the finding of the District Court that the plaintiff had sustained no loss (R. 993). How can there be any difference between the use by others of the word "Simplex" and the use by others of the word "Seventeen"? The more common word is "Seventeen."

CONCLUSION.

For the foregoing reasons it is respectfully submitted that defendants' petition for a writ of certiorari should be granted.

Respectfully submitted,

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